

DRIVERS
QUALITY **BETTER** **FOCUS**
SEGMENTATION **INVEST**
EXCELLENT **BESPOKE**
COMPETITIVE **DIFFERENTIATOR**
TECHNOLOGY **PERSONAL** **SPECIAL**
GEOGRAPHY **CUSTOMISATION**
FASTER **SERVICE**
OUTSOURCE **INFORMATION**
PRICE

SERVICE 2020: MEGATRENDS FOR THE DECADE AHEAD

A BDO report, written by the Economist Intelligence Unit

SUMMER 2011

Written by

Economist Intelligence Unit

The
Economist

BDO

CUSTOMER SERVICE MEGATREND 03

**FIRMS MUST LEARN TO USE
THE INCREASED
TRANSPARENCY
BROUGHT BY
SOCIAL MEDIA
▶ TO THEIR ADVANTAGE**

THE NEAR UBIQUITOUS ADOPTION OF SOCIAL MEDIA PLATFORMS IN JUST A FEW YEARS - FACEBOOK WAS ONLY LAUNCHED IN 2004, WHILE TWITTER FOLLOWED TWO YEARS LATER - HAS ALREADY HAD A MULTI-TIERED EFFECT ON BUSINESS.

Their influence will develop and expand in the coming decade, as social media replaces the press as the primary consumer watchdog. In turn, this is making firms more transparent than ever before, although just a quarter (26%) of survey respondents believe social media has improved customer relations. "If things go spectacularly wrong, it comes out and goes on Google and Twitter," says Dr Nicola Millard, a customer experience futurologist at BT, one of the world's leading communications services companies. "That transparency hasn't happened before. It is now searchable and enduring, and it may even end up on YouTube."

One high-profile example of this is a 2009 YouTube video entitled "United breaks guitars", posted by a disenchanted airline passenger who battled with the airline's customer service department. So far, it has received nearly 10.5 million views, spawned several additional versions and been widely profiled in the mainstream media. Quite simply, every customer now has an instant, global and searchable means of broadcasting their feedback, good or bad. In addition, customers are also more willing to complain about bad service than before, notes Ms Causon. The ICS runs an annual customer satisfaction index, which has charted this rise. "In 2000, 50% of people were willing to complain.

By 2010, 75% were willing to do so, while people are also more likely to tell others about bad service too," she says.

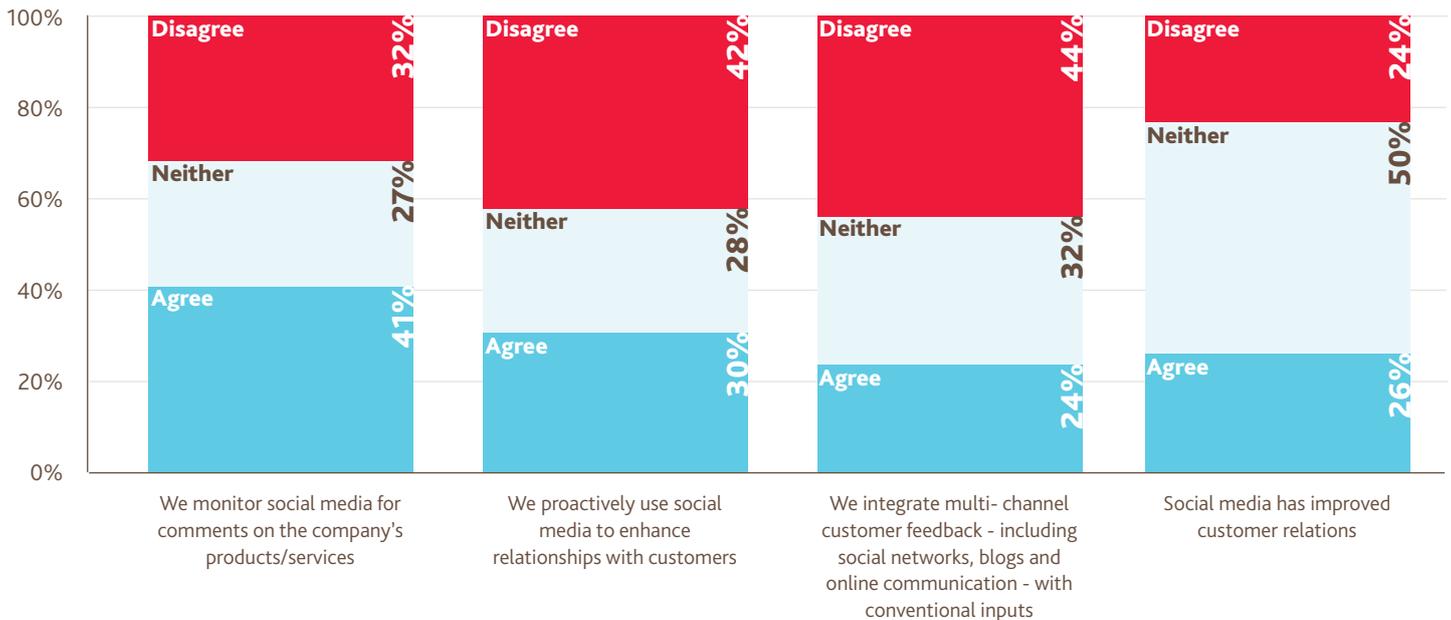
All this is accelerating the move away from the mainstream media acting as a consumer watchdog towards a more crowd-sourced approach. For Jim McColl, chairman of David Brown, an engineering firm, social media means that firms in his sector will have to up their game if they want to remain competitive. "It makes it kind of difficult to hide if you don't do a good job," says Mr McColl. "The way it's developing, it's forcing people like us to provide better service. If you really annoy a customer, he'll go and put a message out saying 'don't deal with this firm'. It's forcing people to be more attentive to the quality of their products and their service."

Accordingly, four in 10 firms polled already actively monitor social media for feedback on their service. BT has even built a software tool that automates the process of monitoring social media, filtering and prioritising feedback for the firm's customer services team, based on factors such as emotional or viral level of the content.

Service staff already respond to some Twitter complaints directly. In some instances, this goes all the way to the CEO's office, prompting a direct client call. "You can't control the dance floor, but you can go and dance," explains Dr Millard of her firm's efforts to embrace such tools. Many others are dancing too: one-third (30%) of firms polled are using social media as a tool for enhancing client relationships.

CHART 3*:

Q: "Do you agree or disagree with the following statements?"

**CASE STUDY: ACCOR EMBRACES TRANSPARENCY**

Social media is also changing the way consumers select products and services, based on the real-time views of others. In industries such as travel and tourism, this is already starting to make annually published guidebooks seem redundant, as tourists skip to third-party sites to see up-to-date guest ratings for a hotel or destination.

Accor, a hotel operator with a broad portfolio of brands globally, has taken a leap of faith in the quality of its customer service by directly integrating live, unfiltered TripAdvisor comments into its main hotel portal. Jean-Luc Chrétien, Accor's executive vice president for sales, distribution and loyalty, believes this will push the hotel brand to enhance its service overall anyway—so why not make the process easier for its clients? "To an extent, social media is a very healthy thing. It has forced us to revisit some of the ways we do some things, and not to be so complacent," he says.

Of course, directly publicising unfiltered feedback and ratings, both good and bad, was a tough decision to take. In the end, the hotel believed that public comments were unlikely to deviate widely from the detailed internal data it already tracks (see the fourth megatrend). So far, this has worked: "This has been a bold move. But customers send us emails, saying that they appreciate this," says Mr Chrétien. In the coming decade, the hotel will take this further, looking for ways to deepen its client interactions on social networks and create more of a dialogue with its guests. Others will surely be looking to do the same.

DR. NICOLA MILLARD
*if things go spectacularly wrong
 it comes out and goes on*
Google and Twitter
 Customer Experience Futurologist, BT

CONTACT

For more information please contact:

MONICA WOODLEY

Economist Intelligence Unit

e: monicawoodley@economist.com

ALLAN EVANS

BDO LLP

e: allan.evans@bdo.co.uk

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact BDO LLP to discuss these matters in the context of your particular circumstances. BDO LLP, its partners, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Services Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO Member Firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

BDO LLP is the Data Controller for any personal data that it holds about you. We may disclose your information, under a confidentiality agreement, to a Data Processor (Tikit Ltd)

To correct your personal details or if you do not wish us to provide you with information that we believe may be of interest to you, please contact Mandip Dulay on 020 7893 3515 or email mandip.dulay@bdo.co.uk

Copyright © July 2011 BDO LLP. All rights reserved.

www.bdo.co.uk

